

urge the Commission to adopt rules designating N11 numbers for use by information services providers and requiring the LECs to make N11 service available to their customers.

Respectfully submitted,

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Advance Publications, Inc. is the parent company for the Newhouse family newspaper, magazine and book publishing operations. In addition to the magazine and book publishing operations, Advance is one of the largest newspaper publishers in the U.S., publishing 26 daily newspapers with a combined circulation in excess of 3.5 million. Advance's newspapers include the *Star Ledger*, Newark (NJ); *Cleveland Plain Dealer*; *Times-Picayune*, New Orleans (LA); and *Portland Oregonian*.

Cox Enterprises, Inc.

Cox is a broadly diversified media and telecommunications company with a long heritage of pioneering emerging technologies. Cox has a significant industry presence in newspaper publishing, radio and television broadcasting, cable television and other industries.

Cox Newspapers is the ninth largest daily newspaper chain. It publishes 18 newspapers with a total daily circulation of 1.3 million and a Sunday circulation of 1.7 million. These newspapers include the *Atlanta Journal and Constitution*, the *Palm Beach Post*, the *Austin American-Statesman*, and the *Dayton Daily News*.

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Gannett Co., Inc.

Gannett Co., Inc. is the largest newspaper group in the United States. It publishes 83 daily newspapers and more than 50 newspapers on less frequent publication schedules. Gannett also publishes *USA Today*, a national daily newspaper. Total daily circulation of Gannett's newspapers is 6.3 million and Sunday circulation is 6.1 million.

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The Hearst Corporation is one of the nation's largest diversified communications companies with major interests in newspaper, magazine, book and business publishing, television and radio broadcasting, cable television programming services, newspaper features distribution, and television production and distribution.

Daily newspapers published by The Hearst Corporation include: *Albany Times Union* (NY); *Beaumont Enterprise* (TX); *Edwardsville Intelligencer* (IL); *Houston Chronicle*; *Huron Daily Tribune* (MI); *Laredo Morning Times* (TX); *Midland Daily News* (TX); *Midland Reporter-Telegram* (TX); *Plainview Daily Herald* (TX); *San Antonio Express-News*; *San Francisco Examiner*; and the *Seattle Post-Intelligencer*. Circulation of the daily newspapers totals over 1.25 million, the 10th largest group of dailies in the United States. Circulation of the Sunday newspapers totals over 2.5 million, the eighth largest group of Sunday papers.

Hearst is the largest publisher of monthly magazines in the United States. More than one quarter of a billion copies of Hearst's 14 major consumer magazines and numerous special magazines are distributed in the United States each year. The company also published more than 60 international editions in over 80 countries.

The Hearst television stations are WBAL-TV, Baltimore (MD); WCVB-TV, Boston (MA); WISN-TV, Milwaukee (WI); WTAE-TV, Pittsburgh, (PA); WDTN-TV, Dayton, (OH); and KMBC-TV, Kansas City (MO). Five of the six television stations are ABC affiliates. Radio stations owned by Hearst include: WBAL-AM and WIYY-FM, Baltimore; WISN-AM and WLTX-FM, Milwaukee; and WTAE-AM and WVTY-FM, Pittsburgh.

The Washington Post Company

The Washington Post Company has four major operating divisions: Newspapers, Post-Newsweek Stations, Post-Newsweek Cable, and Newsweek.

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The Post-Newsweek Stations Division owns and operates network-affiliated television stations in Detroit, Miami, Hartford, (CT), and Jacksonville, (FL).

The Post-Newsweek Cable Division owns and operates cable television systems in 15 states, serving approximately 480,000 subscribers.

The Newsweek Division publishes *Newsweek* and *Newsweek International*, a weekly English-language news magazine that is circulated throughout the world. Through joint ventures, it also produces Japanese and Korean-language editions of *Newsweek*.

The N11 Story:

A Report on N11 Service in Atlanta and West Palm Beach

Prepared for the
Federal Communications Commission
August, 1994

EXECUTIVE SUMMARY

This report describes the experience of Cox Enterprises in offering electronic information services through N11 numbers in West Palm Beach, Florida and Atlanta, Georgia.* These services have been in place since March, 1993 in West Palm Beach and since September, 1993 in Atlanta. Cox's experience in using N11 numbers to provide information services has been uniformly positive. This success is borne out by the decisions of the Florida and Georgia Public Service Commissions to make N11 service available statewide.

Since the beginning of the trials, Cox has received more than 1.3 million calls to the two services, with an average of more than 18,000 calls in West Palm Beach and more than 86,000 calls in Atlanta each month. These call volumes far exceed the average call volume for other pay-per-call services such as 976 and 900, even though both services typically cover larger areas than the N11 service areas in Florida and Georgia. Although there have been seasonal variations, call volume generally has been steady in both markets. The Atlanta service set a new record of 106,000 calls in July.

The revenues from N11 service have allowed Cox to offer new services that would not have been financially possible otherwise. These services include a live classified advertising search service, timely updates to breaking news and sports information and personal portfolios to permit consumers to customize the information they receive.

Customer satisfaction with N11 service has been phenomenal, and far greater than with other pay-per-call services such as 900 service. Fewer than 1,000 callers, or less than 8/100 of one percent of all callers, have requested refunds because they were dissatisfied with the service. This is an unprecedented rate of customer satisfaction for the pay-per-call information services industry.

Cox's market research shows that consumers trust the information they obtain from N11 service much more than the information they can obtain from a 900-based service. This fact is borne out by call volumes: Cox's parallel 900-based service, offered in areas where N11 service is unavailable, receives fewer than seven percent of the total calls to the N11 service, and the percentage of calls and total call volume to the 900 numbers have been declining since the service first was offered.

Throughout the trial, none of the claimed harms of N11 service have materialized. In particular, there has been no evidence of customer confusion, either about how N11 service works or with existing services using N11 numbers. There have been no complaints regarding problems with emergency services using 911 or with directory assistance using 411.

* N11 numbers are three-digit telephone numbers beginning with a number from 2 through 9 and ending "11." Some of these numbers are used today, such as 411, which commonly is used for directory assistance and 911, which commonly is used for access to emergency services.

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INTRODUCTION

This report describes the experience of Cox Enterprises in offering electronic information services through N11 numbers in West Palm Beach, Florida and Atlanta, Georgia. It covers a period starting on March 7, 1993, when service first began in West Palm Beach, through September, 1993, when service first began in Atlanta, and to the present. Cox's experience with N11 service has been uniformly positive both for consumers and for Cox. Call volume in both cities has been high and generally steady as consumers gain more experience with using N11, and Cox continues to offer new categories of information and new service enhancements that consumers enjoy and appreciate.

N11 service is an extension of existing telephone services using three-digit numbers in the "N11" format.* Telephone companies already use N11 numbers today for directory assistance (411) and for access to emergency services (911). Some telephone companies also have decided to use other N11 numbers for their own purposes. As implemented by BellSouth in Georgia, Florida and elsewhere in its region, N11 service consists of access to an information services provider via the N11 number, rating and recording of calls to the N11 number, and billing and collection on the caller's local telephone bill.

Because N11 service allows Cox to collect a small fee with each call, Cox has been able to offer consumers a far wider range of services than it had previously offered with its free seven-digit information services lines. Further, because N11

* These numbers begin with a number from 2 through 9 and end with "11."

numbers have a familiar and positive image with consumers, Cox has avoided the complaint-ridden status of other pay-per-call services such as 900 and 976.

This report documents Cox's experiences with N11 service in West Palm Beach and Atlanta. It starts by describing the steps Cox took to initiate and develop the services in both cities, including testing and consumer education.

Next, the report evaluates consumer response to N11 service. Consumer response is overwhelmingly positive, not just in terms of call volume, but also because consumers believe that N11 service offers them information they want at a fair price. The ability to use revenues obtained through the N11 number to fund the development of new services, such as live classified advertising search capabilities, is another important factor in consumer acceptance of the service.

Evidence of consumer acceptance of N11 service also can be found in the extremely low levels of refunds and customer complaints. N11 service has produced no known ill effects in either West Palm Beach or Atlanta. In particular, there has been no indication of any confusion between the new N11-based information services and the existing N11 services using 411 and 911.

Finally, the report compares N11 service to 900 and 976 service. The results of the N11 trials show that N11 service has far more customer acceptance than either 900 service or 976 service. Consumers greatly prefer N11 service, as they have demonstrated by using N11 service in greater volume and much more consistently than either 976 or 900 service. Further, market research shows that consumers find

information from N11 service to be highly credible, in contrast to information from either 976 or 900 service.

THE DEVELOPMENT OF N11 SERVICE

Bringing N11 Service to the Public

N11 service first became available to consumers on March 7, 1993. It took many months, however, to bring the idea of N11 service to fruition.

Cox first requested N11 service in 1991, and began working with Southern Bell to implement the idea in 1992. In October, 1992, Florida became the first state to approve a trial of N11 service, followed by Georgia in May, 1993. Approval was only one step in bringing a beneficial service to consumers in Florida and Georgia. Cox wanted to ensure that N11 was a trouble free, easily understood service that enhanced the value of the newspapers in West Palm Beach and Atlanta through better service to readers and the general public. Consequently, the launch of N11 service had three basic elements.

The first element was to ensure that Cox's hardware and software could handle the new N11 service. Cox wanted to make sure that early N11 callers would have a positive experience, so Cox tested the system extensively with internal telephone calls to find anything and everything that could go wrong. In West Palm Beach, this sustained attempt to identify problems lasted from late January until March 6, 1993, the day before N11 service began.

The second element of N11 service development involved determining the features and content of the service. Content decisions were made not to maximize short-term call volume, but rather to ensure long-term quality of service to the consumer. Cox focused on assuring that features would work right the first time and on assuring that specific services could be marketed to consumers without confusion. These two considerations were important because consumer education was the third element of the developmental process.

Consumer education was necessary for N11 service to succeed because dialing an N11 number to reach broad information services was a new idea. Again, the key purpose of consumer education was not simply to promote call volume, but rather to educate the consumer on what N11 service is and how to use it. Great care was taken to ensure that all education efforts were clear and informative so that consumers could get the most out of each N11 call. Education was particularly important to long term commercial success because consumers are unlikely to call a service unless they know what it is and what they can get from it.

While equipment and software development, content development, and consumer education, all were necessary before N11 began, they continue today as an integral part of Cox's provision of N11 service. As part of this process, new information categories and services are added to the basic N11 service on a regular basis. In Atlanta, three live operator services have been added since the beginning of 1994. These services, which help callers locate specific classified ads, yellow page information or

information about movies playing in the Atlanta area, each have generated thousands of calls a month since their inception. These services also have created new jobs as Cox works to meet consumer demand for this information. Cox also continues its consumer education efforts through promotional campaigns and informational booklets available to consumers on request.

N11 Service Today

Today, PostLines/511 in West Palm Beach has 1,000 permanent and daily information categories. It is averaging 600 calls per day, and has generated over 300,000 calls since service began in March, 1993. In Atlanta, where service began on September 5, 1993, FIND•IT 511 has several hundred permanent and daily information categories, is averaging 3,000 calls per day, and has generated more than one million calls in less than a year. At the same time, customer complaints as a percentage of total calls have remained at less than 8/100 of one percent in both cities.

Service in Atlanta is priced at 50 cents for a five-minute call, and service in West Palm Beach is priced at 35 cents for a five-minute call. The revenue from the calls allows Cox to provide a wide-range of information services over its N11 numbers, including some interactive services discussed below. (A list of representative services can be found on Attachment 1.) Revenue from N11 calls also allows Cox to continue to provide free information services such as news for children and reader response polls over a seven-digit number.

As Attachment 2 shows, interest in N11 service in both cities was strong from the very beginning. Although call volume has shown some seasonal variation, interest in N11 service has remained strong and constant in both cities. Unlike other types of pay-per-call information service numbers, there has been no sign of a drop off in demand. In fact, as can be seen from Attachments 2 and 3, N11 call volume has been generally steady or increasing, even as volume on the parallel 900 numbers (used to cover areas where N11 service is not available) declines.

In both cities, seasonal activities and special events have accounted for minor swings in N11 call volume. For example, January call volume in both cities was significantly higher than call volume in either December or February, with almost triple call volume on January 2, the day after most college bowl games.

Part of the reason that interest in N11 has remained strong is because Cox has continually tried to give callers new, timely, information. As the service listing in Attachment 1 shows, many information service categories are updated continually, and others are updated either daily or weekly. Some of the more popular service categories are the sports information lines, a soap opera update line, a horoscope line, a weather line, a news line, and a stock quote line. Many of these service categories include information on local events, such as local news, traffic, and high school sports. Other information service categories are more specialized, such as the fishing line and the dog and horse racing line. Callers also can receive copies of newspaper stories by fax

through a news clipping service, and can establish standing requests to receive stories on specific topics in the future.

While many of these information lines take their information directly from Cox's newspapers, others contain far more information than is available to daily newspaper readers, because newspapers today do not have the ability to include all of the information that is of interest to their readers. Examples of local items of interest to N11 callers that often do not make it into the newspaper are items such as Little League scores, dates for PTA meetings, church events, and other highly localized information that is important to small groups of readers but not of sufficiently widespread interest to get into the newspaper. Further, N11 allows callers to receive expanded information on topics that are carried in the newspaper. For instance, Atlanta residents can obtain expanded information on travel, financial planning, stocks and commodities, medical topics and classified ads, among other areas, by fax through Cox's N11 service in Atlanta. See Attachment 1.

New information helps keep callers interested in N11 service, and Cox has tried to match the interests of consumers with how often service categories are changed. For example, during the baseball pennant race in Atlanta last fall, the Atlanta Braves score line was updated every inning during the games, providing callers with both the current score and play-by-play information on the highlights of the previous inning. Other time-sensitive categories, such as the stock quote line, are updated as frequently as every fifteen to twenty minutes.

New services and service categories also attract callers to the N11 service.

New services that Cox has introduced include live classified advertising and yellow pages services and a "Personal Portfolio" service. The classifieds service allows callers to dial N11 and speak with a classified advertisement operator. During the call, a caller can request a listing of all classified advertisements that meet certain parameters, such as all rental homes in a certain geographic area within a certain price range with certain features. Market research has shown that callers like the live classified advertisement service because it is convenient, because they don't have to purchase or use a newspaper, and because they have access to classified ads the day before the ads are published in the newspaper.

The live yellow pages service operates like the live classified ads service.

Callers speak directly to live operators who answer questions and search a complete and current database for information on type of business, business location, business hours, or other characteristics of interest to the caller. After finding the business a caller needs, the operator can connect the caller directly to the business. The live classified and live yellow pages services have each generated thousands of call each month, resulting in the creation of new jobs to meet consumer demand for these services.

Another new service, the "Personal Portfolio" service, allows callers to customize their N11 calls in advance. This service allows callers who know that they will want the same information every time they call to establish accounts that will provide the information they want quickly and without having to navigate touch tone menus. For

example, a caller might want three different stock quotes, local sports scores and a daily horoscope. By establishing a "Personal Portfolio," the caller will automatically hear this information whenever he or she dials N11 without having to choose any of the individual information categories. Cox does not charge callers a fee for establishing a "Personal Portfolio"; the only charge is the usual fee for an N11 call.

While many of the new services in West Palm Beach and Atlanta are permanent, seasonal services are offered as well. These services have included:

- local and national election coverage;
- holiday information for Christmas such as mall hours, gift ideas, light displays and Christmas tree recycling locations; and
- a Superbowl hotline in Atlanta covering traffic areas to avoid, parties around town, celebrity sightings and public transportation information.

Other temporary services have been prompted by unexpected events. For example, early in the Florida trial, there was a serious train wreck in West Palm Beach. Cox's N11 service began providing the public with information on the wreck within hours after the accident, and continued to provide information such as alternative traffic routes until the crisis had passed. Another temporary N11 service offered by Cox was prompted by the severe flooding in Georgia earlier this summer. Cox recognized that the public wanted to help, but that there was no easy way to do so. To meet this need, Cox, working with other businesses, the Salvation Army and the Red Cross, established an N11 service category that allowed callers to make contributions to a flood relief fund.

This service generated more than 1,700 calls and raised over \$47,000 for flood relief during July, 1994.

All of these services have been possible only because N11 service provides a steady revenue stream that supports both the ongoing offering of existing services and the development of new services. This revenue comes from the modest charges for the services — charges that are not much more than a local phone call from a pay phone in either West Palm Beach or Atlanta. Without these revenues, it would be impossible to support the live operator services and difficult to support many of the other new and expanded services, such as the Personal Portfolio service or even the real time updates to Braves games during the 1993 pennant race.

N11 SERVICE SATISFIES CONSUMERS

The value of any new service ultimately is determined by consumers, who either use the service or do not. As a consequence, consumer satisfaction can be gauged in large part by consumer response. By that measure, as well as every other measure that has been applied to date, N11 service in Atlanta and West Palm Beach is extremely successful in satisfying consumers. It also is highly significant that N11 service has been essentially trouble-free from the start.

Consumer Response to N11 Service Is Overwhelmingly Positive

The most fundamental measure of consumer satisfaction is whether they continue to use a service. In both Atlanta and West Palm Beach, the results show that consumers not only try N11 service, but continue to use it.

As shown in Attachment 2, call volume is strong in both West Palm Beach and Atlanta. In West Palm Beach, the N11 number draws an average of 18,000 calls a month, while in Atlanta the service averages more than 86,000 calls a month. While call volume in both communities shows seasonal variation, average call volume has risen continuously in Atlanta since February, and the Atlanta service received more than 106,000 calls in July, the highest volume to date. On the basis of call volume alone, consumer satisfaction with N11 service is clear.

There also is extrinsic evidence of consumer satisfaction. In a user survey conducted for the Atlanta service, consumers who had called the new live services were asked to rate their satisfaction. As shown in Attachment 4, nearly 60 percent of all the respondents were "very satisfied" with these services, and most of the rest of the respondents were "somewhat satisfied." Less than five percent of all respondents showed any dissatisfaction with the service. As described below, these results stand in direct contrast to consumers' views of 900 service, and show that N11 service is a far superior way to deliver electronic information services.

N11 Has Been Trouble Free

N11 service in both West Palm Beach and in Atlanta has been remarkably trouble free — especially for a new service. In particular, customer complaints have averaged less than 8/100 of one percent of total calls in either city. This complaint rate is extremely low, and far below the average for the information services industry. There are several reasons for the low complaint rate.

First, Cox keeps complaints low by implementing a strong customer service program. For example, customer service inquiries in West Palm Beach, are handled over a local seven-digit number. Most service number calls involve either questions on how to use N11 service or non-N11 related questions. Customer service operators are trained to follow Cox's very simple refund policy: "If a customer wants a refund, we give it to him." Operators are trained to give refunds if for any reason a caller has been unable to reach the desired information service or if a caller has expressed dissatisfaction with a call. To make refunds in West Palm Beach, Cox mails a dollar bill to the customer to reimburse the 35 cent cost of one call and to pay for the next two calls.

Most customer service calls have been from customers who cannot reach Cox's N11 numbers because they are calling from outside of the N11 service area. Significantly, Cox has yet to receive a customer complaint in either West Palm Beach or in Atlanta from anyone who was confused or concerned about the difference between 411, 911, and Cox's 511. See Attachment 8. Local 911 emergency service providers have not had problems with 511 callers dialing 911 by mistake, and even with multiple N11

information numbers now or soon to be in use in both cities, problems from consumer misdials are not expected to increase. It is not surprising that there has been no confusion. Cox's continuing consumer education programs have emphasized the distinct nature of its N11-based services. In addition, consumers already understand the differences between 911 and 411, so there is little additional likelihood of confusion as other N11 numbers come into use.

The low cost of N11 service also contributes directly to the lack of complaints. Because N11 service costs Cox significantly less than 900 service or 976 service, Cox is able to pass the savings along to consumers through lower per-call charges. With lower charges, consumers believe that they are getting a good deal for their money, something that they do not generally believe about other pay-per-call services.

The extremely high level of consumer acceptance has convinced regulators in both Florida and Georgia to expand N11 service from single city, single number trials to statewide availability. In both cases, after reviewing data from the first few months of the trials, the state commissions found that the general availability of N11 service would benefit consumers and the public interest generally, and ordered the assignment of numbers across their states. As a result, numbers now have been assigned to 21 service providers in 8 communities in Florida and to 8 providers in 6 communities in Georgia.

CONSUMERS FAR PREFER N11 TO ALTERNATIVES SUCH AS 900 AND 976

Cox's market research and actual experience with other pay-per-call numbers, such as 900, shows that consumers far prefer N11 numbers to other pay-per-call alternatives such as 900 and 976 service. This strong preference is reflected both in usage of the services and in consumers' attitudes.

The most direct evidence comes from live experience. In both Atlanta and in West Palm Beach, Cox has been operating 900 numbers that feed callers into the N11 service databases. While these 900 numbers allow callers outside of Cox's limited N11 service areas access to the same information as N11 callers, 900 call volume has been significantly below the call volume for N11: in both communities, 900 calls average less than 7 percent of total call volume. See Attachment 5. Moreover, 900 call volume has declined in both communities since the inception of service, and N11 volume has not. See Attachment 2. The difference is particularly striking in West Palm Beach, where 40 percent of the Palm Beach Post's circulation (and therefore 40 percent of the target population) is outside the area where N11 service is available.

The low ratio of 900 calls to N11 calls can be explained only by the aversion consumers have for 900 numbers and a strong preference for N11 service. Population differences do not explain the differences in call volumes. As noted above, in West Palm Beach the ratio between circulation inside the N11 service area and outside the N11 service area is 60/40, vastly different from the 94/6 ratio of N11 calls to 900 calls. In Atlanta, circulation outside the N11 service area is not as high as in West Palm

Beach, but the result is still the same: 900 call volumes start off low and get lower. Consequently, differences in populations with access to the 900 number and N11 service cannot account for the large differences between N11 and 900 number call volume.

Cox has investigated why its 900 service is not as popular as its N11 service, and has found that consumers object to the two most basic aspects of 900 service: the price and the quality. Market research done by Cox in January of 1994 shows that consumers think that calls to 900 service are more expensive than N11 service and that the information provided via 900 numbers is not credible. Consumers in general do not trust 900 number service providers, but they do trust N11 service providers. See Attachment 6. These consumer perceptions are consistent with the history of the 900 number industry, and can help explain why 900 number call volume continues to fall over time, even for 900 number service providers such as Cox. As Attachments 2 and 3 show, at the same time that call volume to Cox's N11 numbers was increasing, call volume to Cox's 900 numbers was slowly decreasing. Consumers simply are not interested in paying the higher per-minute charges for 900 service. In fact, one of the most common consumer concerns is that a customer is unable to dial Cox's N11 number from his or her location.

Although no direct comparison data is available, the evidence strongly suggests that consumers also find N11 service to be preferable to 976 service. For instance, Southwestern Bell has reported that, in the peak year for 976 service in Texas, the average 976 line received about 3,000 calls per year. By comparison, the average call

volume for the West Palm Beach N11 service translates to more than 217,000 calls per year, or more than **70 times** the volume for the average 976 number, even though the calling area for N11 service in West Palm Beach is considerably smaller than the average calling area for 976 service. See Attachment 7. The call volume in Atlanta is more than **300 times** higher than the average call volume for 976 service. While Cox has not conducted any market research on this issue, it appears highly likely that the same concerns that affect 900 service, price and reputation, also affect 976 service.

CONCLUSION

The experience with N11 service in West Palm Beach and Atlanta shows that, by all objective criteria, N11 service is a success. Consumers like the easy access and low price of N11 information services, and call data shows that consumers continue to use N11 information services months after any novelty has worn off. Experience also shows that consumers are not confused by any aspect of N11 service, and the cities of West Palm Beach and Atlanta have not had problems with Cox's N11 services interfering with either 911 emergency service or with 411 directory service calls. On the contrary, the experiences in both Atlanta and West Palm Beach have been so positive that the public service commissions of both Georgia and Florida expanded N11 information service availability to their entire states.

Cox looks forward to bringing N11 service to new places and new consumers throughout the country based on its positive experiences in West Palm Beach

and Atlanta. Consumers want easily accessible, low-cost sources of information. N11 service is the perfect resource to meet consumers' needs.